

## Response to Questions on the Retirement System Review

**Request By:** Supervisor Cook

**Question:** What would be the impact of using funding available as part of the Carryover Review to increase employer contributions to the retirement systems.

**Response:** The most recent actuarial projections estimate that the County's three retirement systems will reach 100 percent funded status between FY 2031 and FY 2033. It should be noted that those projections are based on various assumptions including 7.25 percent investment returns and, following the Board's adopted retirement funding policy, additional increases in the employer contribution rates in FY 2019 and FY 2020 to increase the amortization of the unfunded liability for each system from the current level of 98 percent to 100 percent.

Additional funding could be contributed to the retirement systems through the annual budget process or the quarterly reviews. However, based on actuarial analysis, additional contributions would not significantly shorten the period of time required to reach 100 percent funded status unless the additional contributions were extremely large. For example, the actuaries reviewed the amount of additional funding that would be required to enable each system to reach 100 percent funded status by FY 2030, which is one to three years earlier than currently projected. The actuaries have estimated that additional contributions of \$32.5 million, divided between the three retirement systems, per year for the next ten years would be required to fully fund all three systems by FY 2030.